

U.S. DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

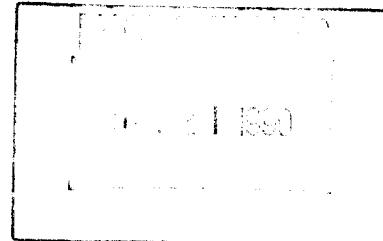
IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MARYLAND

12/17/98
MILL POND ASSOCIATES)
LIMITED PARTNERSHIP,)
Plaintiff,)
v.) Civil Action No. PJM-98-1050
THE BANK OF NEW YORK,)
Defendant, and)
Third-Party Plaintiff,)
v.)
RELIANCE INSURANCE COMPANY)
OF ILLINOIS; RELIANCE INSURANCE)
COMPANY; THE MUNICIPAL BOND)
INVESTORS ASSURANCE CORPORATION;)
ANNE ARUNDEL COUNTY, MARYLAND;)
and THE ARTERY GROUP LLC,)
Third-Party Defendants.)

"APPROVED" THIS 16 DAY OF

Dec 19 1998
Peter J. Messitte

UNITED STATES DISTRICT JUDGE



NOTICE OF VOLUNTARY DISMISSAL

Pursuant to Rules 41(a)(1) and 41(c) of the Federal Rules of Civil Procedure, Defendant and Third-Party Plaintiff The Bank of New York gives notice that it is dismissing its third-party claims against Reliance Insurance Company of Illinois ("Reliance of Illinois"). Reliance of Illinois has not yet served a responsive pleading to BNY's third-party complaint, and evidence has not been introduced at a trial or hearing before this Court on the coverage issues in dispute.

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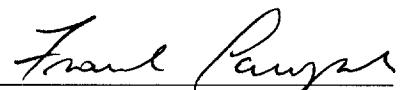
BNY's dismissal of its claims against Reliance of Illinois is based upon a settlement between these parties of the adversary proceeding BNY filed against Reliance of Illinois in the United States Bankruptcy Court for the Southern District of Florida. A copy of the bankruptcy court's approval of the settlement, dated August 24, 1999, is attached hereto at Tab A. The settlement and this dismissal does not in any way affect or alter the pendency of BNY's third-party claims against Reliance Insurance Company, which is a separate insurance company from Reliance of Illinois and is not a party to the settlement agreement, or any other third-party claims or counterclaims asserted by BNY.

BNY's dismissal of its claims against Reliance of Illinois is with prejudice. Each party is to bear its respective attorneys fees and costs, without prejudice to BNY's rights to recover its respective costs from any or all of the other parties to this action.

Dated: Washington, D.C.
December 14, 1999

Respectfully submitted,

WHITE & CASE
LIMITED LIABILITY PARTNERSHIP

By: 
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*Attorneys for Defendant
The Bank of New York*

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA

THE BANK OF NEW YORK, Trustee,

Adv. Proc. No. 98-2060-BKC-RBR-A

Plaintiff,

v.

LUCY C. DIBRACCIO, as Chapter 7
Trustee of the Estate of HOMEOWNERS
FINANCIAL CORPORATION, a Delaware
corporation, et al.,

Defendants.

In re:

DEVELOPERS MORTGAGE CORPORATION,
a Maryland corporation,
TAX I.D. NO. 52-1059023Case No. 97-27015-BKC-RBR
Chapter 7[Substantively consolidated with
In re Homeowners Financial
Corporation and Homeowners
Funding Corporation of America]ORDER APPROVING SETTLEMENT WITH
DEFENDANT, RELIANCE ILLINOIS

THIS ADVERSARY PROCEEDING was before the Court for approval of a proposed settlement among plaintiff, THE BANK OF NEW YORK ("BNY"), and cross-plaintiff SONYA SALKIN, Chapter 7 Trustee ("Trustee") of the substantively-consolidated Estates of HOMEOWNERS FINANCIAL CORPORATION ("HFC"), HOME OWNERS FUNDING CORPORATION OF AMERICA ("HOFCOA") and DEVELOPERS MORTGAGE CORPORATION ("DMC"), as parties of the first part, and defendant RELIANCE INSURANCE COMPANY OF ILLINOIS, as the party of the second part.

Notice of the proposed settlement having been given in accordance with Local Rule 9013-1(D), and no party having responded or filed a certificate of contested matter, it is hereby ORDERED

Adv. Proc. No. 98-2060-BKC-RBR-A

that:

1. The "Settlement Agreement and Full Policy Release" attached to the motion is approved.
2. All claims and cross-claims brought by BNY and the Trustee against Reliance Illinois, and all counterclaims brought by Reliance Illinois against BNY and the Trustee, are hereby dismissed with prejudice.
3. Each of the settling parties shall bear its respective attorney's fees and costs with regard to all claims and matters between the parties of the first part and the party of the second part.
4. The Court retains jurisdiction to enforce the terms of the settlement agreement.

DONE AND ORDERED in Chambers at Fort Lauderdale, Florida, this
24 day of August, 1999.

RAYMOND B. RAY

Raymond B. Ray
United States Bankruptcy Judge

Conformed copy furnished to:
Vance E. Salter, Esq., who upon
receipt shall distribute a
conformed copy of this Order to
counsel of record, and who
shall file a notice certifying
such service.

CERTIFICATE OF SERVICE

I hereby certify that on the 14th day of December, 1999, a copy of the foregoing Notice of Voluntary Dismissal was served on the following by first-class mail, postage pre-paid:

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